Virginia Department of Social Services
Medicaid Fact Sheet #41
SPENDDOWN

The following information is given as a guideline only. In order to determine Medicaid eligibility, an application must be filed with the local department of social services in the city or county in which you live.

A Medicaid spenddown is for people who meet all the Medicaid eligibility requirements except for income. People who have countable income higher than the medically needy income limit for their city or county are placed on a spenddown. Spenddown works like an insurance policy deductible. The amount of the "deductible" is called the "spenddown liability."

When the eligibility worker at Social Services evaluates the Medicaid application and finds that an applicant has excess income, he/she will notify the applicant that full Medicaid coverage is denied. The notice will include the spenddown liability amount and the period of time covered by the spenddown. This information will be listed on the forms, "Notice of Action on Medicaid" and "Medical Expense Record - Medicaid" that are sent to the applicant.

The applicant is asked to list any medical bills that he still owes on the Medical Expense Record. He must list the date he receives the service, the name of the provider and the amount he owes after any insurance payments and submit the form and a copy of the medical bills and verification of insurance payments to the eligibility worker. Allowable medical expense deductions include doctor or dentist bills, hospital bills, prescription medicines, health insurance premiums and certain medical supplies. Medical expenses paid by Medicaid, Medicare or insurance are not deducted from the spenddown liability. Once the allowable medical expenses are equal to or greater than the spenddown liability, Medicaid eligibility can be established for the remainder of the spenddown budget period. The spenddown budget period may vary in length from one to six months.

The applicant is responsible to report promptly all changes in income, resources and living arrangements to the eligibility worker. The worker may require the applicant to verify the changes. The eligibility worker will re-evaluate Medicaid eligibility within 30 days of receiving verification of medical expenses or notice of changes. The worker will send written notice to the applicant advising him of the results of the re-evaluation of Medicaid eligibility.

When the spenddown budget period ends or when the spenddown certification period ends, another Medicaid application must be filed to determine eligibility in another spenddown budget period.

MEDICAID FACT SHEET #41 - SPENDDOWN

FORM NUMBER - 032-03-836/3

PURPOSE OF FORM - To provide information regarding spenddown.

USE OF FORM - The local agency workers may distribute this form to provide customers with basic spenddown information.

NUMBER OF COPIES - One

DISPOSITION OF FORM - One per inquirer

INSTRUCTIONS FOR PREPARATION OF FORM - The form does not require the addition of any information by the eligibility worker.